

ENGLISH EXTRACTS.

BANK MANAGEMENT.
(From the *Atlas*, October 28.)

The report of the directors of the Manchester Bank, which was submitted to the annual general meeting of the proprietors of that unfortunate concern on the 20th instant, conveys a most impressive lesson to all concerned. As is generally the case with embarrassed institutions, the debts prove to be larger and the means smaller than was originally expected. They have all reason to exclaim with *Falstaff*, "Would that my means were greater and my waste smaller," when it comes to an actual wind-up. The estimate falls short by £113,210 of that formed at the last meeting, and the directors feel it necessary to make a further call of £2 per share. The statement was as follows:—

	£	s.	d.
Sundry accounts	364,696	17	8
Over-due bills	34,428	11	11
Properties	106,146	11	11
Stamps	90	12	5
Cash	6,018	4	10
Bills on hand	18,141	13	3
Bank of Manchester shares	63,175	11	11
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Bills negotiated	1,293,238	6	8
	32,437	9	0
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LIABILITIES.			
Open accounts	305,789	1	10
Post-notes, Alliance Banks	99,580	0	0
Notes in circulation	1,725	0	0
Unclaimed dividends	1,400	16	0
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408,498	17	10	8
Bills negotiated	32,437	9	0
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Bank stock	440,936	6	10
New call	741,030	15	10
Reserved fund	107,021	15	10
	36,707	13	3
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£1,325,695	15	8	0
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Brought down:			
Total assets	1,325,695	15	8
Deduct estimated losses	937,117	19	3
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Estimated deficiency beyond the amount received for new call	388,577	16	5
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Liabilities	£440,936	6	10
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It is obvious that the disastrous termination of this institution is calculated to damage the cause of joint-stock banking in every great degree with the public; and although it by no means follows that the carelessness, inattention, and want of judgment, which characterised its direction, should be common to all similar institutions, as some would insist, we think it necessary to impress upon those who have the guidance of this great interest, the absolute necessity of exercising a far greater vigilance and control over the transactions into which they may enter, and the qualities of the officers whom they may engage, than they have hitherto done. Experience has proved, in too many fatal instances, that the caution, supervision, and attention to little things which mark private banking, in contradistinction to joint-stock banking, have proved an advantage to them almost equivalent to the greater security which a large body of shareholders affords in preserving their customers safe from losses through failures: and it is likewise seen that few men are willing to bestow the same attention upon a joint stock bank in which they have only a limited stake that they do upon their own business.

In the first place, a great error was committed in allowing the public to believe that banking was a business capable of yielding larger profits than any other employment of capital. The contrary might be said of it with more truth—namely, that is a business which, when conducted on a large scale, with a large establishment of working-men, and exposed to the competition of the Bank of England, and other rivals, could never yield the same amount of profit as money invested in any of the ordinary channels of commerce and business, and worked by private individuals. Banking to be safe, cannot, in the ordinary state of the country, yield more profits than the Scotch banks, which, as Mr. McCulloch has pointed out in his *Commercial Dictionary*, do not exceed 5 or 6 per cent., all expenses deducted. This warning voice, however, was unheeded, and speculators vied with each other in dividing profits twice as large as these, in many instances, out of the capital of the shareholders. In the second place, the direction of joint-stock banks is deficient in that union, secrecy, and concentration of interest, which often guide private banks. The directors of a joint-stock bank are frequently engaged in the same business as the bank's chief customers—frequently they take accommodation themselves, or afford to their own debtors; that is to say, a thousand needless influences are at work to prevent them from telling all they know of the validity of a customer, or the propriety or impropriety of discounting his bills. If a bank has numerous branches, it is vain to expect that any board of directors will devote their time to a critical analysis of the monthly or weekly abstracts of business which may be sent to the head bank, or trace back through a series of transactions the various names which may appear in their liability list. Renewals, accommodation paper, discounts which have no bond or commercial basis—these must all be narrowly watched. A spy-like knowledge of the credit and transactions of every little shopkeeper who may have dealings with the bank—and a lynx-eyed watchfulness are absolute requisites for successful banking; and the directors of a joint-stock bank who will give themselves the trouble to attend to all this are not frequently met with. It is possible that after a few heavy losses they may, when it is too late, feel ashamed of their carelessness, get alarmed at the moral responsibility incurred, and exhibit a great show of attention to the various transactions—for a time. But this shyness does not mend the matter. The directors, after all, are only a body of critics sitting in judgment on past transactions. The mischief is generally done by their agents before it is brought under their cognisance. Customers must trust, in a great measure, to their manager's discretion. Customers cannot wait for a discount until their bill is sent up to head quarters to be examined and reported upon. The private banker is on the spot, sees his security, and knows his

customer personally. He accepts or rejects the bill at once, and by this promptitude always secures the best bills in the market, leaving the worst to his rival.

So far as we have any opportunities of observation, we have also remarked another error in joint-stock banks, which is their propensity to lend large sums to one or two large customers, instead of dividing their business among a great many small ones.

This mistake led to the ruin of the Manchester Bank. The grand rule of keeping the funds liquid—never lending at longer dates than three or six months, was totally forgotten; although it is manifest to all, except to these "practical men of business," that in a country subject like this to periodical scarcities of money, no profit can compensate for the risk attending on a departure from so salutary a rule. It is not the business of bankers to take upon themselves the hazards of trade—especially with other people's money. All investments of surplus money arising from capital or deposits in fixed securities, like mines, collieries, railroads, lands, or any others, not immediately available, are totally contrary to all sound principles.

When a bank has got into such a position that, in order to recover its losses it is obliged to run these hazards for the sake of large gains, it is time for it to stop. If its legitimate business will not keep it afloat, with the addition of such interest as the funds or Exchequer bills will yield on its surplus money, it is gambling with its shareholders' and customers' money. The speculators who go up a bank and become directors, calculate, in many instances, upon the salary which they obtain to make up any deficiency on their share, should losses occur. Many men make a trade of directorships. By investing in different banks sums sufficient to qualify as directors, but not to affect them seriously, they calculate on obtaining a good income upon a comparatively small capital, by devoting an hour or two in each week to each institution.

There is a point upon which we have always had considerable doubt, and that is the expediency of concealing from the shareholders, or, indeed, from all the world, the exact state of the bank from time to time. We have never known an instance, public or private, in which publicity was not best in the long run. Mr. Greig's speech strongly corroborates our views. In alluding to the excuse of one of the managers, he said—

But they now heard that, in common with other establishments, the bank had been looking for better times. Had they struck a blow at the instant, probably the loss to the bank would not have been more than half a million instead of a whole million. (Hear.) He had reason to believe that in 1836 the bank was in a state of bankruptcy. It was within ten hours of being stopped in 1836, and this circumstance caused him to turn his thoughts to awaken the attention of the whole of Ireland. When they looked at the disastrous consequences which had befallen other joint-stock banks, such attention ought to have been paid to this establishment as might have prevented further losses. Such, however, appeared not to have been the case; and they were all now assembled to express their regret at the carelessness which must have been practised in the conducting of the concern.

Such conduct ended in this instance as it always ends—namely, in the appointment of a committee, after the mischief had been done, to make a fair statement to the shareholders. Another result, which could not be agreeable to many, was the publication of the names of all those who refused to pay up their calls, although it would have been but right, as one gentleman remarked, to placard the names of those also through whom the money of the shareholders had been lost. A useful lesson was also administered by calling to account parties who had been instrumental in putting forth delusive paragraphs of prosperity in the Bank's Report which had led unfortunate shareholders to hold shares. This is a practice which cannot be too strongly condemned by all who have the interest of joint-stock banks at heart. The reports ought to adhere to the spirit, as well as to the letter of the truth—in fact, to be as clear and open as day.

In cases of gross carelessness the suggestion of Mr. Greig, that where enormous sums of money had been lost through the managing directors, they ought to make good the loss, is one of those equitable proposals which meet with the assent of all the world, and would, if practicable, add considerably to the caution of directors and the stability of banks. We fear, however, that few men would be found to undertake the office under such responsibility; for in the Scotch banks, where managers were held bound to make good all the bad debts they made, it was found that they were all generally ruined, so that the rule of responsibility would accept the office under such conditions.

On the whole, we are inclined to think that the example of the Manchester Bank will inspire caution in the managers of similar institutions, and, at the same time persuade the public that the only objections which can be urged against joint-stock banks are such as arise from a heedless and extravagant management, are not inherent in their constitution, and may, therefore, be easily remedied by proper attention.

The affairs of the Leicester Bank are apt illustrations of the above remarks, and may furnish the subject of future discussion.

ROYAL AGRICULTURAL IMPROVEMENT SOCIETY OF IRELAND.

The show of cattle, flax, butter, farming implements, &c., took place at Belfast on Thursday, and an exhibition equally magnificent was never before witnessed in the north of Ireland. The large space of ground in the rear of May's-market had been enclosed with substantial palings, while the area of the enclosure was calculated to accommodate many thousands of people; in fact, one of Mr. O'Connell's "monster meetings" would have found ample room in it. The utmost system and regularity were observed, and a finer exhibition in all its departments has scarcely been presented to the public by the Highland Society itself. The show of horses was admirable; that of horned cattle was, in point both of number and quality, equal to the best that has yet taken place in any quarter of the United Kingdom, while the general competition was extensively enlarged both from England and Scotland. The miscellaneous

portions of the exhibition, included agricultural implements, seeds, &c. The specimens of ornamental and useful worksmanship, in connexion with farm improvements were numerous and so beautifully executed, that all detailed comparison would be invidious. Except on some unusual political occasion we never saw so great an enthusiasm excited. The rush into the show-ground was tremendous, and the assembly probably numbered from 6000 to 8000 persons, including ladies.

The show having terminated, the assembled nobility, gentry, clergy, &c., proceeded to the building erected for the grand banquet. The pavilion or dining hall is 120 feet long by 94 feet wide, divided into three parts, by two rows of columns and arches. The centre division is 42 feet wide and 30 feet high. The columns were ornamented with enriched capitals; and over each column was a painted medallion, with an emblematical device, representing an object connected with some of the various departments of husbandry. The walls and ceilings were each lined with alternate stripes of pink and white calico. At each end of the building was a platform for the president and vice-president. Behind each platform was a gallery for the accommodation of ladies, sufficient to hold about 380. The body of the building was large enough to contain about 1300 at dinner, exclusive of the platforms, which were calculated to hold 70; so that accommodation was afforded for 1750 persons. The tables in each of the side divisions were single, and customers' money. The speculators who go up a bank and become directors, calculate, in many instances, upon the salary which they obtain to make up any deficiency on their share, should losses occur. Many men make a trade of directorships. By investing in different banks sums sufficient to qualify as directors, but not to affect them seriously, they calculate on obtaining a good income upon a comparatively small capital, by devoting an hour or two in each week to each institution.

Lord De Ross proposed, "The successful candidates." "The Highland Agricultural Society."

Mr. Lockhart, in returning thanks, said, in the establishment of local societies, the Royal Agricultural Society of Ireland had taken the right way to carry out its objects, for it was by those societies alone that the improvements in agriculture generally, which it contemplated, could be achieved.

The meeting was also addressed by its president the Duke of Leinster, by the Marquis of Downshire, Lord Newry and Merton, Sir R. Bateson, Sir J. Stronge, Mr. Lockhart, Mr. Ross, M.P., Mr. Crawford, M.P., Mr. Dunbar, Mayor of Belfast, the display of fashion and beauty in the galleries added lustre even to the gay and magic scene. About half-past six o'clock the chime was taken, amidst loud applause, by his Grace the Duke of Leinster.

On the platform, and in other parts of the pavilion, we noticed the following amongst the most distinguished persons:—The Marquises of Londonderry and Downshire; Lords Roden, Powerscourt, Hillsborough, Newry and Merton; G. Hill, Kildare, Clements, Erne, Dr. Ross; Sir R. Bateson, Hon. Mr. Lawless, Mr. G. Dunbar, Mayor of Belfast; D. R. Ross, M.P.; Sir R. Ferguson, M.P.; Sir G. Berkeley, Lieutenant-General; Mr. T. Fortescue, Ravensthorpe; Mr. J. Wynn, Hazlewood; Hon. G. Handcock, Sir J. M. Stronge, Mr. N. Alexander, M.P.; Colonel Phillips, Mr. Purcell, Mr. G. Macartney, Mr. A. H. Montgomery, Tyrella; Colonel Ward, Colonel Sanderson, Mr. D. S. Kerr, M.P.; Mr. R. Hall, Mr. W. S. Crawford, M.P.; Mr. P. Kirk, M.P.; Colonel Blacker, Mr. E. Reilly, &c.

Grace having been said by the Very Rev. the Dean of Ross,

The noble Chairman then proposed in succession, the "Queen," the "Prince of Wales and the rest of the Royal Family;" the "Army and Navy;" and "Success to the Royal Agricultural Society." (Immense applause.)

Lord Erne then rose and said: My Lord Duke, having the honour to be one of the vice-presidents of the Royal Agricultural Society, I rise, on its part, to return thanks for the flattering manner in which you have proposed the toast, and to assure you that there is a considerable decrease in the revenue, and I hope that it proceeds from temporary causes, and that it will be followed by a greater increase. The loan obtained in England, under the guarantee of the Imperial Government, has been raised by £250,000, irrespective altogether of the price paid for the sites upon which the churches were to be erected. Now, is not this demand, there has been referred to the central fund the sum of £26,180, and to the various local funds £20,522; together £46,702. As it is calculated that the sum raised for local purposes since the last returns made up to £23,000 more, which will increase the property to the value of £15,000 gross in churches already built, and in building materials, raised the total amount to £406,702. As in not more than 100 cases out of the proposed 700 would congregations be enabled to meet the expense of raising their own churches, the cost proposed to be £100,000 more will be raised, and if £100,000 more was raised for local purposes, the total would be £140,000, which would be the required sum for the 700 free churches.

Mr. Ross, M.P., in speaking to the toast, expressed his regret that some of the gentlemen present more immediately connected with the flax trade had not been called on. The Flax Improvement Society had been much called for, and had been very useful. Had the farmers ten times as much flax as they now raise, Belfast would require it all. Within the short space of ten years, the flax-spinning trade of the town had attained its present gigantic growth. The total demand of the United Kingdom on foreign countries had at one time reached 80,000 tons. Could any one know this fact and entertain a doubt of the propriety of making an effort to keep at home some portion of the wealth of which this vast produce is the representative (hear, hear), by raising an article equal in value to the foreign? Such an effort had been made not vainly, but for whatever amount of success had attended it, the Flax Association had been much called for, and had been very useful. Universal regret has done the honour to his memory throughout the provinces; and I cannot abstain from noticing, that his desolate widow and family, and his mortal remains, in passing through the neighbouring territories of the United States to their place of embarkation at New York, were received with marked and affecting tokens of friendliness, respect, which indicated both the esteem in which he was held in a country in which he had been personally well known, and also a generous sympathy worthy of the great nation by which it was evicted.

Since your last session the birth of a Princess has diffused joy throughout the British empire, and we have reason to be grateful for the continued protection vouchsafed by Almighty Providence to our gracious Queen, whose life and health are blessings to her subjects.

In the same interval, an afflicting event has occurred in Canada, by the demise of your late governor, my immediate predecessor, whose heart was devoted to the public welfare. Universal regret has done the honour to his memory throughout the provinces; and I cannot abstain from noticing, that his desolate widow and family, and his mortal remains, in passing through the neighbouring territories of the United States to their place of embarkation at New York, were received with marked and affecting tokens of friendliness, respect, which indicated both the esteem in which he was held in a country in which he had been personally well known, and also a generous sympathy worthy of the great nation by which it was evicted.

Measures will be submitted to you for the improvement of the system of judicature in Lower Canada, of the municipal institutions, the laws relating to education, and the jury system of both divisions of the United Province, and of the assessment laws in Upper Canada, as well as on other important subjects, all of which will, I trust, engage your earnest attention.

I have recently made a tour through the province, such as the exigency of public business would permit, in order that I might become in some degree acquainted with local circumstances requiring attention.

I have had great gratification in seeing in a fine country, evidently advancing in improvement; and have everywhere been received with manifestations of loyalty to our gracious Sovereign, and with personal kindness to myself.

It has been highly satisfactory to me to witness the great works in progress, which, owing to the loan raised in England under the guarantee of the Imperial Government, the province has been enabled to undertake or prosecute. They are calculated, I hope, to extend the commerce, and develop the resources of this vast country, and to increase the public revenue and general individual wealth.

In those parts where works of this description are in progress, I found contentment prevailing at the prospect which they present. In other parts there is a cry for improved roads for the conveyance of produce to appropriate markets, a claim which is worthy of consideration, for on such communications the prosperity of the country must in a great measure depend. Nowhere was this anxiety more strongly expressed than in the eastern townships of Lower Canada, where the community, almost entirely agricultural, in consequence of the heavy duties imposed on their produce in the United States, have lost the market to which they had formerly recourse, while the exemption from duty in our country of the similar produce of our neighbours enables them, by greater facilities of conveyance, to undersell the producers of these countries.

In this connection, I have to speak of Mr. O'Connell's "monster meetings" which he held in Ireland; that he did not come to this country to teach us how to live, but to O'Connell persists without reason or excuse, in wounding France and indulging against her chief in declamations contrary to all justice and truth." At this moment, observes the *Journal des Débats*, "we can only speak of Mr. O'Connell with extreme reserve. For this reason we regret that he